

# Telecommunications law

[Sociology](#), [Communication](#)



Telecom Law and Regulation Professor: David Olson September 14, 2012

Week 2 Case Study What is the natural monopoly? Natural Monopoly is a monopoly that exists because the cost of producing the product (i. e. , a good or a service) is lower due to economies of scale if there is just a single producer than if there are several competing producers. ([http://www. linfo. org/natural\\_monopoly. html](http://www.lininfo.org/natural_monopoly.html)) Today, telecommunicationstechnologyaffects lives to a greater degree than ever before.

Communicationhas evolved over many years from the earliest attempts at verbal communication to the use of sophisticated technology to enhance the ability to communicate effectively with others. A natural monopoly is said to exist in an market where the costs of production are such that it is less expensive for demand to be bet by one firm than it would be for that same demand to be met by more than one firm (Benjamin et al. , 2005).

Every time a telephone call is made, a television is watched, or a personal computer is used, benefits of telecommunication technologies are being received. The American television industry is presently undergoing rapid change. Where once there was a limit on viewing options imposed by scarcity of electro-magnetic spectrum, confining most views to handful of channels that were dominated by three COM distribution systems, cable television is emerging now as “ the television of abundance,” (Sloan Commission, New York 1981).

A natural monopoly is said to exist in any market where the costs of production are such that it is less expensive for demand to be met by one firm than it would be for that same demand to be met by more than one firm (Benjamin et al. , 2005). Examples of natural monopolies are railway systems

<https://assignbuster.com/telecommunications-law/>

and telephones systems. All the phones should be connected and network together to attain the highest benefit. The monopoly is called natural because many competitors in these markets tend to die out leaving just one or a few providers for any given geographic area.

But, the essence of the concept of a natural monopoly is there, that these are markets that tend to have one or few providers. I believe that the government should treat telephones, cable and/or broadcasting companies as a natural monopoly. The technology industry has been a major problem in areas of the United States. Before wireless transmission really ever became a reality, cable was the ruler. After reading and viewing information about this topic customers live in around of the U. S.

As that have limited cable service providers in their area and there is only one Cable Company to choose from which proves a natural monopoly. It has been verified time and time again about the lack of competition, the patrons are the ones who pay more for cable services. Moreover, the absence of superiority programming that the providers were not motivated to provide better service to consumers. The Commission is not the only regulatory authority showing interest in cable television over the years. Local government has also been quite active in the regulation of local cable providers.

Indeed, local governments for a long time insisted that cable providers apply to them for permission to be a local “cable franchisee” and local governments would often extract costly concessions from cable providers in exchange for granting those franchise rights (Benjamin et al. , 2005) The notion of having competition may end up costing more doesn't prove to be

<https://assignbuster.com/telecommunications-law/>

true in most cases, in general having the opportunity to choose the best providers with what is needed on service is far better than having dismal programming and choices.

It is in the preferences and providers having all the choices for the consumers that are of benefit and one that is a win-win. Competition does not necessarily prove the notion that it costs more for hardware and software, that these are designed to be able to provide maximum number of customers. The concept of telecommunications may be defined as the transmission of information from one location to another by electronic means. Telecommunications is using electronic systems to communicate. Life is constantly changing and has been shifting faster since the rapid advancements in telecommunication.

For the reason that ongoing attempts to find improved and supplementary efficient ways to communicate, the process of communication has gradually enhanced and I believe it will continue to do so. References: The Linux Information Project (2005). Natural Monopoly Definition. Retrieved 9/11/2012 from [http:// \(http://www. linfo. org/natural\\_monopoly. html\)](http://www.lininfo.org/natural_monopoly.html) Benjamin, Douglas Gary Lichtman, Howard Shelanski, and Philip J. Weiser, (2006). Telecommunications Law and Policy Sloan Commission, (1981). On the Cable: The Television of Abundance